

22 March 2018

## Strategic Supplier Relationship Management

### Purpose

For discussion.

### Summary

In light of the fall-out from the collapse of Carillion, we have been considering what additional activity we should be involved in to support councils on strategic supplier relationship management. This report looks at these issues and makes some suggestions.

### Recommendation

That the Improvement and Innovation Board considers the report.

### Action

Officers to initiate any required action.

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## **Strategic Supplier Relationship Management**

### **Background**

1. As part of our productivity programme, the LGA has been helping councils to become more efficient and effective with their procurement processes. We launched a National Procurement Strategy (NPS) for local government in 2014 (see separate agenda item).

### **Issues**

2. We committed in the NPS to develop and support a number of experts (local government procurement officers) to manage relationships with local government's key suppliers on a national basis. We have these experts in place on a part time basis and some progress has been made, although the resource available is limited.
3. We have also been working with the Crown Representative's Office (a group of around 30 industry and commercial experts each managing one or more of government's key suppliers) on matters relating to Carillion since summer 2017, identifying and helping those councils that were at risk because they had contracts with Carillion to mitigate. We continue to work on this project, collating information relating to the transition of contracts away from the official receiver into more long-term arrangements.
4. We continue to work with Crown Representatives in relation to other major suppliers to both central and local government. In particular where there may be an issue with a supplier (such as a profit warning). We have regular meetings with Crown Representatives about these suppliers to discuss high level contingency plans then we engage, through the Principal Advisors, with relevant councils to advise accordingly.
5. During summer 2017 Cabinet Office made a suggestion that government may consider engaging one or two Crown Representatives purely focussed on key suppliers for local government. How this would work has not been discussed further but there would be benefits to councils in having access to the Crown Representative team's expertise on market insight and data analysis.
6. However, given the breadth of markets that are engaged in delivering services to councils it is unlikely that one or two people would be able to provide much in terms of expertise to councils. Having a Government-led team does not sit well with the LGA's calls for sector led improvement and there would inevitably be an increased level of central reporting on supplier performance required of councils.
7. As an alternative, LGA could increase our activity in this area on behalf of our members. A number of councils have been in touch with LGA suggesting that a sector-led approach to strategic supplier management would be welcome.

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8. Whilst we do not collect information centrally from all councils on contracts awarded, performance management etc, councils are obliged to submit all contracts above a certain value on a website known as contracts finder. The basis of potential future support is to identify councils who might have similar contracts and encourage them to share knowledge, working together to resolve issues.
9. We would like to hear views of the Improvement and Innovation Board on how we might facilitate councils collaborating together as a sector to gain a strategic overview of key suppliers. This could include the LGA commissioning a report of the top suppliers in local government each year and sharing this with all councils. We are asking the Board to consider this matter and to identify if there are any further actions that elected members might wish to be included.
10. Advantages of a sector led approach would include raising the awareness of suppliers and providers of the importance of local government as a major commissioner. We could help councils to understand the effect of their commissioning decisions on the market, thus reducing the exposure to risk. It would also send a clear message to suppliers that local government is keen to engage with suppliers in a more strategic way.
11. This work is currently included in the draft MOU with MHCLG for 18/19. Once finalised the productivity team will need to consider how the work is managed.

### **Implications for Wales**

12. Improvement work in Wales is provided by the WLGA.

### **Financial implications**

13. There are no additional financial implications arising from this report.

### **Next steps**

14. To be determined in the light of members' views.